

STATE OF MAINE
PUBLIC UTILITIES COMMISSION

December 9, 2003

ORDER APPROVING
STIPULATION

S.D. WARREN
Petition to Establish Power Purchase Agreement
Rate for Sales of Energy and Capacity by
Warren's Somerset Mill to Central Maine
Power Company

Docket No. 2000-123

S.D. WARREN COMPANY
Petition to Establish Power Purchase
Agreement Rate

Docket No. 2001-451

I. SUMMARY

We approve a stipulation that establishes the amounts payable by Central Maine Power Company (CMP) to S.D. Warren Company (Warren) under the Somerset Mill Power Purchase Agreement (PPA) for the "Year One" period (March 1, 2000 through February 28, 2001). These amounts would be payable but for a previous settlement approved by the Commission in 2002, and will be applicable only in the event that current electricity purchase and sale arrangements terminate prematurely.

II. BACKGROUND AND DECISION

On June 28, 2002, the Commission approved a stipulation (2002 Stipulation) in the above-captioned proceedings. The 2002 Stipulation settled the issue of the rates CMP would pay for energy and capacity from Warren's Somerset Mill pursuant to a PPA for the period March 1, 2000 through the expiration of the PPA on October 31, 2012.

At the time the parties entered the 2002 Stipulation, the Commission had not established the PPA rate for the first One-Year period in accordance with section 6 of the Restructuring Act. P.L. 1997, ch. 316. Section 6 essentially states that, upon request, the Commission shall establish the PPA rate for this time period based on the average of prices paid for electricity by large industrial customers in CMP's territory.

The 2002 Stipulation states that, if the underlying supply and sale arrangements terminate, the PPA rates for Year One and the remaining term of the PPA shall be determined pursuant to applicable law.¹ Prior to the approval of the 2002 Stipulation, a

¹ The operation of section 6 would provide Warren a higher rate than agreed to in the 2002 Stipulation. That Stipulation provides that if there is an early termination of the underlying purchase and supply agreements, Warren would receive the excess Year One amounts reduced in proportion to the number of years the Stipulation was in effect.

considerable amount of work necessary to establish the Year One rate had occurred. Thus, the parties and our staff continued to work to establish the Year One rates in the event they are needed sometime in the future.

On September 2, 2003, Warren filed a stipulation (2003 Stipulation) establishing the Year One rates that would be payable under section 6 of the Restructuring Act in the absence of the 2002 Stipulation. The 2003 Stipulation has been signed by Warren, CMP and the Public Advocate. The Industrial Energy Consumer Group (IECG), the only other party to these proceedings, has not indicated any opposition to the agreement.

We have reviewed the 2003 Stipulation according to our criteria for considering such agreements. These are whether: the parties joining the Stipulation represent a sufficiently broad spectrum of interests; the process was fair to all parties; and the stipulated result is reasonable and not contrary to law. *Central Maine Power Company, Request for Approval of Alternative Rate Plan*, Docket No. 99-666 (Nov. 16, 2000). We conclude that the criteria have been met and, therefore, approve the 2003 Stipulation.

Accordingly, it is

O R D E R E D

That the Stipulation filed on September 2, 2003, attached to and incorporated into this Order, is hereby approved.

Dated at Augusta, Maine, this 9th day of December, 2003.

BY ORDER OF THE COMMISSION

Dennis L. Keschl
Administrative Director

COMMISSIONERS VOTING FOR: Welch
 Diamond

COMMISSIONER ABSENT: Reishus